

Assembly Joint Resolution

No. 6

Introduced by Assembly Member Beall
(Principal coauthor: Senator Liu)

February 18, 2009

Assembly Joint Resolution No. 6—Relative to elder citizens.

LEGISLATIVE COUNSEL'S DIGEST

AJR 6, as introduced, Beall. Elder Economic Security Standard Index.

This measure would memorialize the President and the Congress of the United States to ensure economic security for all elders by taking several actions, including ensuring that federal policies and programs enable all elders and their families to meet their basic needs and using the Elder Economic Security Standard Index to modernize all federal poverty measures and guidelines, recalculate the number and demographic profile of elders whose basic needs are not being met, and evaluate the impact of public supports and any current or new federal initiatives to help elders age in place.

Fiscal committee: no.

- 1 WHEREAS, The United States Census Bureau projects that the
- 2 population of people 65 years of age and older is expected to more
- 3 than double from the year 2000 to the year 2030, both nationally
- 4 and in California. People 65 years of age and older comprised 10.6
- 5 percent of California's population in 2000 but will be 11.5 percent
- 6 of the state's population by 2010, and 17.8 percent in 2030; and
- 7 WHEREAS, There are 75 million baby boomers, 42 to 60 years
- 8 of age, inclusive, and the oldest members of this generation will
- 9 reach 65 years of age in less than five years. According to the 2005

1 Retirement Confidence Survey conducted by the Employee Benefit
2 Research Institute, “By 2030, when all baby boomers have retired,
3 retirees will have at least \$45 billion less in retirement income than
4 they need to cover basic living and health expenses.” Coupled with
5 the current financial crisis that has erased tens of billions more
6 from their retirement accounts, it is, therefore, in the best interest
7 of the nation, the state, and our economy to ensure that California’s
8 elders have enough income to meet their basic needs and maintain
9 their independence in the community; and

10 WHEREAS, The United States Department of Health and
11 Human Services uses the Federal Poverty Guidelines as a
12 benchmark to determine eligibility for public assistance programs,
13 and the Federal Poverty Guidelines are derived from the United
14 States Census Bureau’s Federal Poverty Thresholds, which are
15 used to determine poverty rates. In 2008, the Federal Poverty
16 Guidelines were \$10,400 for a one-person household and \$14,000
17 for a two-person household. In 2007, the official poverty rate for
18 the total population was 12.5 percent, according to the most recent
19 calculation by the United States Census Bureau; and

20 WHEREAS, The Federal Poverty Guidelines are an inadequate
21 and antiquated measurement tool that uses a nearly 50-year-old
22 methodology. The method is based solely on one expense: food.
23 It also inaccurately assumes that households today still spend
24 one-third of their income on food when in fact the United States
25 Department of Agriculture states the number is actually one-tenth,
26 or 10 percent. Instead of food, households spend closer to one-third
27 of their budget on housing (United States Bureau of Labor
28 Statistics, Consumer Expenditure Survey). The Federal Poverty
29 Thresholds exclude the actual costs of housing, health care,
30 transportation, and other essential services. Although updated
31 annually using the Consumer Price Index, the Federal Poverty
32 Thresholds are calculated in the exact same way today, in 2009,
33 as they were in 1962. According to a Senior Fellow at the
34 Brookings Institute, no other economic statistic in use today relies
35 on such antiquated methods. Moreover, this “one-size-fits-all”
36 measurement tool does not take into account factors such as the
37 significant variation in the cost of living across the states, counties,
38 and cities, or the ages of household members; and

39 WHEREAS, Despite these significant shortcomings in the
40 underlying data and methodology, the Federal Poverty Guidelines

1 continue to be used to determine eligibility for 82 different state
2 and federal programs, and are used by state and federal
3 policymakers as a benchmark to determine funding allocations to
4 local communities, and to justify cuts to public benefits. Without
5 a precise poverty measurement tool, policy and fiscal decisions
6 intended to tackle poverty will continue to be imprecise; and

7 WHEREAS, Many of California’s elders often do not receive
8 any public assistance because their incomes are just above the
9 official Federal Poverty Guidelines, and are therefore forced to
10 make untenable choices among basic needs, such as choices
11 between eating three meals a day, foregoing medications, or paying
12 for shelter. Most of these elders have worked hard all of their lives,
13 yet still struggle to pay their bills and live with dignity and
14 economic security in their later years. Although often described
15 as “falling through the cracks,” this group is neither small nor
16 marginal, as that phrase suggests, but rather, it is a substantial
17 proportion of California’s aging community; and

18 WHEREAS, Using the antiquated Federal Poverty Threshold,
19 the United States Census Bureau reports that, for 2006, only 7.9
20 percent (295,000) of California’s elders live below the official
21 poverty level. This is a significant underestimate of the numbers
22 of Californians 65 years of age and older who do not have enough
23 to adequately cover their most basic needs. A recent study
24 conducted by the University of California, Los Angeles, in
25 collaboration with the Insight Center for Community Economic
26 Development, found that approximately 47 percent (1.76 million)
27 of California’s elders 65 years of age and older do not have enough
28 income to adequately cover their most basic needs, including food,
29 shelter, medicine, and transportation, the study documents that
30 approximately 40 percent (1.46 million) of California’s elders “fall
31 through the cracks” because they have incomes above the official
32 Federal Poverty Thresholds but below what they actually need to
33 make ends meet in today’s economy; and

34 WHEREAS, A more sophisticated and updated 21st century
35 calculation of poverty would provide a more accurate picture of
36 the true economic needs of elders and their families; and

37 WHEREAS, The Elder Economic Security Standard Index
38 (Elder Index) provides such a measure. Calculated by the
39 University of California, Los Angeles, in partnership with the
40 Insight Center for Community Economic Development, Wider

1 Opportunities for Women, and the Gerontology Institute at the
2 University of Massachusetts, Boston, the new Elder Index
3 quantifies the actual costs elders, 65 years of age and older, face
4 in meeting all of their basic needs including food, shelter, health
5 care, transportation, utilities, and essential household items, in the
6 private market; and

7 WHEREAS, The Elder Index is specific to the costs that elders
8 face. It factors in state and local differences in the cost of living,
9 as well as an elder's housing situation and health care needs; and

10 WHEREAS, The Elder Index serves as the guiding tool for
11 broad-based planning, evaluation, research, advocacy, and outreach
12 at the national, state, and local levels. By 2012, each county in
13 every state across the nation will have a customized Elder Index.
14 Among the current five pilot states using the Elder Index, the State
15 of Massachusetts is already using it for planning, programming,
16 and increasing the asset limits for Medicaid home and
17 community-based services from \$2,000 to \$10,000. The
18 Pennsylvania Department of Aging, Illinois Congressional
19 Representative Jan Schakowsky, and former Wisconsin State
20 Assembly Speaker Michael Huebsch have also endorsed the Elder
21 Index in their respective states; and

22 WHEREAS, A more accurate calculation of the poverty rate
23 among elders will result in a more targeted distribution of federal
24 funding to states to support elders, more effective programs, and
25 strategic planning; and

26 WHEREAS, An updated measure would greatly assist in
27 California and national efforts to promote economic security and
28 eventually eradicate poverty; now, therefore, be it

29 *Resolved by the Assembly and the Senate of the State of*
30 *California, jointly,* That the Legislature respectfully memorializes
31 the President and the Congress of the United States to help ensure
32 economic security for all elders; and be it further

33 *Resolved,* That the President and the Congress of the United
34 States do all of the following:

35 (1) Ensure that federal policies and programs enable all elders
36 and their families to meet their basic needs.

37 (2) Use the nationally recognized Elder Economic Security
38 Standard Index to modernize all federal poverty measures and
39 guidelines impacting elders and, by doing so, develop a more

1 accurate measure of economic need among elders in the United
2 States.

3 (3) Use the Elder Economic Security Standard Index to
4 recalculate the number and demographic profile of elders whose
5 basic needs are not being met.

6 (4) Use the Elder Economic Security Standard Index to evaluate
7 the impact of public supports and any current or new federal
8 initiatives to help elders age in place; and be it further

9 *Resolved*, That the Chief Clerk of the Assembly transmit copies
10 of this resolution to the President and Vice President of the United
11 States, the Speaker of the House of Representatives, the Majority
12 Leader of the Senate, and to each Senator and Representative from
13 California in the Congress of the United States.

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